



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

April 3, 2008
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Ms. Madalyn Blake, Executive Director
Verdugo Workforce Investment Board
1255 S. Central Avenue
Glendale, CA 91204

Dear Ms. Blake:

**WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08**

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Verdugo Consortium (Verdugo) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Carol Hammond from December 3, 2007 through December 7, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Verdugo with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with Verdugo representatives, service provider staff, and one Verdugo WIA participant. In addition, this report includes the results of our review of selected case files, Verdugo's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on March 10, 2008 and reviewed your comments and documentation before finalizing this report. Your response adequately addressed findings 1 and 2 cited in the draft report, and no further action is required at this time. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future onsite review.

Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80076 and 80077.

BACKGROUND

Verdugo was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, Verdugo was allocated: \$646,322 to serve 94 adult participants; \$579,659 to serve 208 youth participants; and \$630,149 to serve 153 dislocated worker participants.

For the quarter ending September 30, 2007, Verdugo reported the following expenditures for its WIA programs: \$113,827 for adult participants; \$15,119 for youth participants; and \$82,729 for dislocated worker participants. In addition, Verdugo reported the following enrollments: 63 adult participants; 89 youth participants; and 84 dislocated worker participants. We reviewed case files for 30 of the 236 participants enrolled in the WIA program as of December 3, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, Verdugo is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: grievance/complaint procedure and gaps in service. The findings that we identified in these areas, our recommendations, and Verdugo's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter, (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive calendar days, and is not scheduled for future services. The exit date is the last day of service.

Additionally, TEGL 17-05(D) states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation:

In 16 of the 30 adult case files reviewed, there was no documentation of any WIA or partner service being provided to participants for periods greater than 90 days. The periods of inactivity ranged from four to forty-six months. As of December 7, 2007, the participants were still enrolled in the WIA program.

Recommendation:

We recommended that Verdugo provide the Compliance Review Division (CRD) with documentation demonstrating that services are being provided to these participants or exit them from the WIA program. In addition, we recommended that Verdugo review the case files for all active participants and ensure that services are provided to these participants or exit them from the program. Once completed, we recommended that Verdugo provide the results of this review to CRD.

**Verdugo
Response:**

Verdugo stated that the Management Information Supervisor will review all participant case files. Any client files found to have exceeded the 90-day requirement will be exited from WIA. To ensure uniformity in tracking client services, Verdugo implemented a common Client Case Notes form to be used by all case workers. The MIS will further track clients that are in non-training activities who have reached 90-days of services and will forward those names to the center manager for case file review.

State Conclusion:

Verdugo's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, Verdugo's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80076.

FINDING 2

Requirement: 20 CFR Section 667.600(a)(b) states, in part, that each local area must establish and maintain a procedure for grievances and complaints.

WIAD03-12 states, in part, that initial and continuing notice of the local grievance and complaint procedures instructions on how to file a complaint must include the following:

- The participant has the right to receive technical assistance, and
- The participant must be notified in writing of the hearing 10 days prior to the date of the hearing.

Observation: We observed that the signed grievance and complaint policy in all participant folders did not contain information regarding:

- Notification that the participant has a right to receive technical assistance; and
- The complainant and respondent must be notified in writing of the hearing 10 days prior to the date of the hearing.

Recommendation: We recommended that Verdugo update its grievance and complaint policy to include all of the requirements of WIAD03-12 and provide CRD with a copy of the updated policy. In addition, we recommended that Verdugo provide CRD with a corrective action plan to ensure that all future participants are provided a copy of the revised policy and a signed copy is maintained in all participant case files.

Verdugo Response: Verdugo provided CRD with a copy of their updated grievance and complaint policy on April 1, 2008. The revised policy includes all of the missing elements and a signed copy is maintained in all participant case files.

State Conclusion: Verdugo's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, Verdugo's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80077.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is Verdugo's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Verdugo's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Carol Hammond at (916) 653-6633.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jessie Mar', with a large, stylized loop at the beginning.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50
Larry Scaramella, MIC 50